

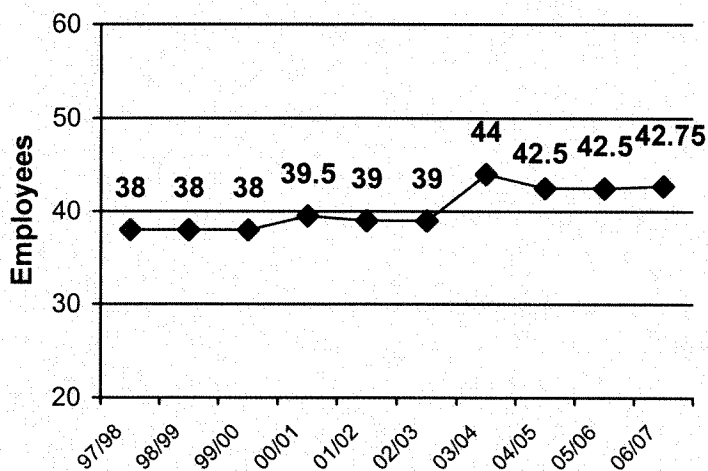
MISSION STATEMENT

The Auditor-Controller is the Chief Accounting Officer for the County Government.

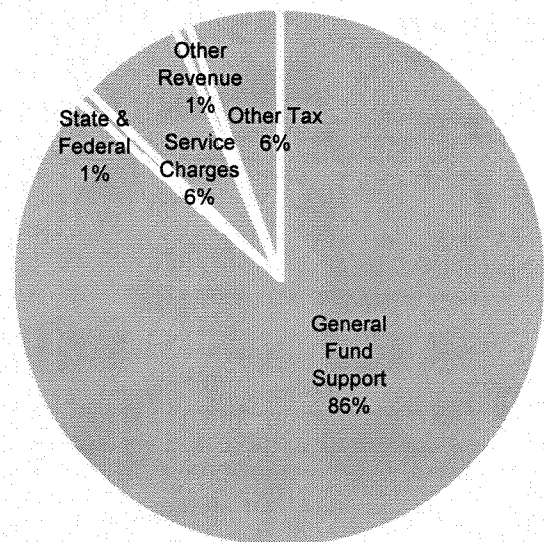
The office enhances the public's trust by acting as a guardian of funds administered for the County, cities, schools and special districts and by providing an independent source of financial information and analysis.

<u>Financial Summary</u>	<u>2005-06 Budget</u>	<u>2005-06 Projected</u>	<u>2006-07 Requested</u>	<u>2006-07 Recommended</u>	<u>Change From 2005-06</u>
Revenues	\$ 913,282	\$ 864,300	\$ 597,301	\$ 597,301	\$ (315,981)
Salary and Benefits	3,840,806	4,050,700	4,081,480	4,108,122	267,316
Services and Supplies	326,634	273,093	314,857	312,357	(14,277)
**Gross Expenditures	\$ 4,167,440	\$ 4,323,793	\$ 4,396,337	\$ 4,420,479	\$ 253,039
Less Intrafund Transfers	49,600	44,600	3,400	3,400	(46,200)
**Net Expenditures	\$ 4,117,840	\$ 4,279,193	\$ 4,392,937	\$ 4,417,079	\$ 299,239
General Fund Support (G.F.S.)	<u>\$ 3,204,558</u>	<u>\$ 3,414,893</u>	<u>\$ 3,795,636</u>	<u>\$ 3,819,778</u>	<u>\$ 615,220</u>

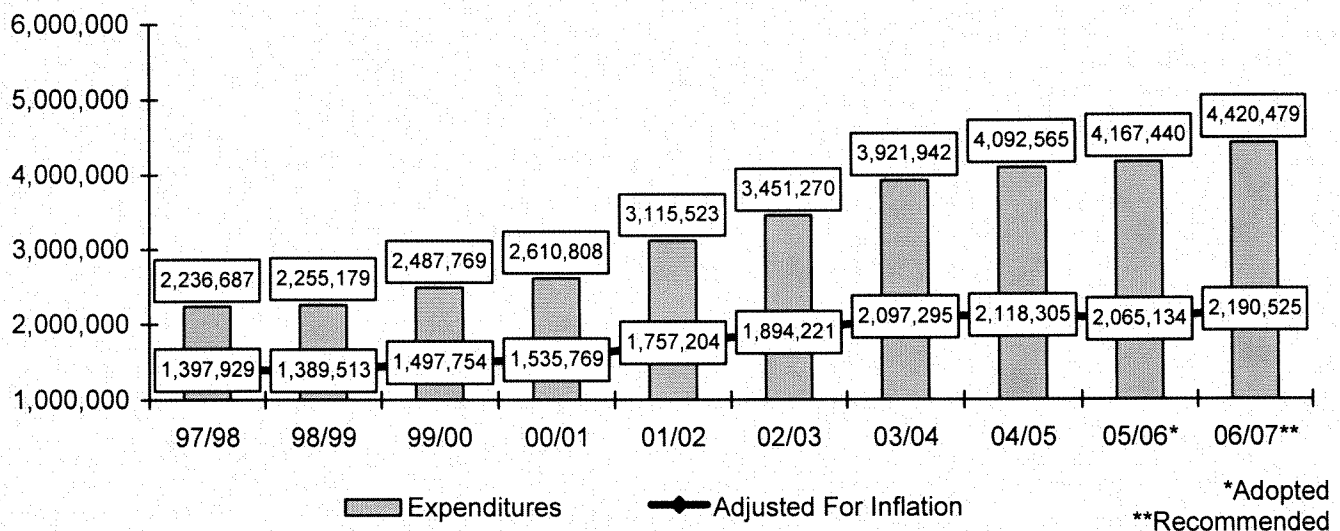
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Accounts Payable

Pre-audit all claims for payments to vendors submitted by County departments and process payments for special districts. Coordinate payment activity and provide oversight and direction with departments and vendors. Prepare annual reports required by the State and the Internal Revenue Service.

Total Expenditures: \$420,853 Total Staffing (FTE): 6

Audit Division

Perform mandated internal audits for compliance with state and federal requirements. Ensure adequacy of internal controls over cash and county assets. Conduct management and compliance audits and departmental reviews. Audit the operations of public agencies doing business with the County to ensure compliance with policy. Assists with the preparation of the County's annual financial statement.

Total Expenditures: \$482,705 Total Staffing (FTE): 4.5

Budget and Cost Accounting

Assist the County Administrator and Board of Supervisors in developing the proposed and final County budget. Analyze and forecast annual budget expenditures. Review all county fees. Conduct rate reviews for ambulance, landfill, and internal service fund operations. Prepare countywide cost allocations, state mandated program claims, indirect cost rate proposals and special reporting requests.

Total Expenditures: \$279,730 Total Staffing (FTE): 2.25

Deferred Compensation Plan

To provide the resources necessary for the daily operation of the County Deferred Compensation Plan.

Total Expenditures: \$45,000 Total Staffing (FTE): 0

Enterprise Financial System

To provide support for the County's new financial system.

Total Expenditures: \$631,451 Total Staffing (FTE): 5.5

Financial Reporting

Maintain accounting records for the County and those districts whose funds are kept in the County Treasury. Maintain budget and funds controls and records of fixed assets. Prepare annual financial reports and reports for federal and state reimbursement. Act as Auditor and/or Financial Officer for special districts, boards, authorities, etc. and provide accounting services for countywide debt financing.

Total Expenditures: \$858,614 Total Staffing (FTE): 9

Mobilehome Rent Board Support

Administer the Mobile Home Park Rent Stabilization Ordinance and provide staff support to the Board.

Total Expenditures: \$68,454 Total Staffing (FTE): .5

Payroll Processing

Prepare and process biweekly payroll for the County. Coordinate payroll activity with departments and employees. Prepare biweekly, monthly, quarterly, and annual reports for state, federal, and local agencies. Collect and pay premiums for County-related health and insurance benefits.

Total Expenditures: \$580,847 Total Staffing (FTE): 6

Property Tax Processing

Calculate property tax rates and determine extensions. Process changes to the tax roll. Apportion and distribute taxes and special assessments to all agencies. Prepare tax reports. Implement procedural changes to reflect new legislation affecting the tax system. Advise cities, schools, and special districts on tax-related matters.

Total Expenditures: \$414,120 Total Staffing (FTE): 4

Systems Support

Evaluate existing manual accounting systems and make recommendations for improved efficiencies through automation. Maintain the countywide computerized financial, fixed asset, accounts payable, tax, and payroll systems. Assist departments in updating computerized systems. Provide training and prepare manuals related to accounting systems operations. Maintain operation of the Auditor's LAN and PC network.

Total Expenditures: \$638,705 Total Staffing (FTE): 5

DEPARTMENT COMMENTS**Customer Service:**

As an internal support department our primary customer base is county departments, plus the schools, cities and special districts. This last year we initiated an extensive training program of workshops, labs, and onsite classes to familiarize departments with our new financial system. We plan to continue this training program as an ongoing service and are in the process of establishing a permanent training facility to be available before the end of this fiscal year.

2006-2007 Major Focus: Using existing staff we are committed to redirecting more resources to our customers to improve their awareness and utilization of the county's Enterprise Financial System.

Internal Businesses:

This last year we automated the interest distribution process to provide more timely interest revenue apportionment to all the agencies that maintain their funds in the County Treasury. We also enhanced the processing of journal entries and deposits by electronically attaching supporting documentation to these transactions. This reduces the amount of paper handling and storage, and the supporting documents can be viewed online with the source document. Accounts payable processing changes have improved cash flow. Bills are now paid when due rather than when processed.

2006-2007 Major Focus: We plan to automate vendor master file updates in the coming year.

Finance:

The current year has been one of challenges. The implementation of both the financial and payroll modules of SAP have led to changes in processes and job requirements. Throughout the last twelve months the Auditor's Office has been able to provide services with existing personnel. Our financial statements were issued with a clean opinion from our external auditors. Steps have been taken to strengthen the financial statement preparation by eliminating manual processes and utilizing the functionality of SAP. All state and federal requirements have been met including sales tax returns, 1099 reporting, mandated reimbursement claims, county cost allocation plan, and payroll reports. Vendors have been paid with appropriate discounts taken, and property taxes were distributed accurately and timely. Each of these processes has required learning a new system and understanding ways to collect the required information.

2006-2007 Major Focus: Continue to complete mandated requirements within prescribed time frames.

Learning and Growth:

The Auditor's Office is proud of our training record for the past fiscal year. We have provided not only financial and payroll training but also budget preparation workshops and state mandated reimbursement training. Additionally our accounting staff maintains required on-going continuing education and assumes leadership positions in statewide organizations and projects.

2006-2007 Major Focus: Continue to provide training in the financial and payroll systems to ensure adequate levels of competence for County employees.

RECOMMENDED BUDGET AUGMENTATION REQUESTS AND RELATED RESULTS

Unit /Amount	Description	Results
Gross: \$67,942 General Fund Support: \$67,942	Add one Accountant-Auditor II position to maintain EFS course materials, schedule classes as needed and recruit instructors. (Previously these duties were performed by a consultant.)	<ul style="list-style-type: none"> Assist, as the EFS Subject Matter Expert (SME), County departments experiencing turnover in key accounting positions. Incorporation of new releases and improvements that are made on the EFS system into training materials and then coordinate training County staff on those changes. 75% of users will receive updated training sessions on automated financial management, human resource/payroll and budget preparation systems.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The General Fund support for the Auditor-Controller's Office is recommended to increase by \$615,220 or 19%. Services and Supplies are decreasing by 4% (\$14,277). Revenues are decreasing by 34% or \$315,981. The increase in General Fund support is primarily a result of the loss of revenue associated with the Enterprise Financial System (EFS) implementation. Phase I and Phase II of the EFS project have been completed and staff have transitioned back to their respective departments as of April, 2006. While, Auditor staff will continue to support EFS, the cost will now be borne within this fund center rather than FC 265 – Enterprise Financial System. Salaries and benefits are increasing by 6% or \$267,316 in part due to prevailing wage increases. An Accountant-Auditor II position is recommended to be added in order to coordinate training activities for EFS. It is anticipated that this position will incorporate new releases and improvements that are made on the EFS system into training materials and then coordinate training County staff on those changes. These services were previously provided by a consultant. A .75 FTE Data Entry Operator III position is recommended to be deleted due to a transfer of data entry duties associated with Phase II being transferred to the Human Resources Department.

GOALS AND PERFORMANCE MEASURES

Department Goal: Pay county bills on time and accurately.							
Communitywide Result Link: A well-governed community.							
1. Performance Measure: Percentage of county vendors identified as "satisfied" or "very satisfied" with payment timeliness and courteous response to inquiries.							
00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual Results	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
94%	No Survey	94%	No Survey	No Survey	No Survey	90%	90%
What: The survey measures our vendors' satisfaction with department service and performance.							
Why: Our purpose is to meet or exceed the performance expectations of our vendors.							
How are we doing? We will be conducting our vendor survey during the second half of the 05-06 fiscal year. We anticipate slightly lower responses until as our vendors become familiar with our new vendor payment system.							

Department Goal: Provide periodic review of the internal controls of County Departments to ensure compliance with policies and procedures, and minimize losses from fraud or misappropriation.

Communitywide Result Link: A well-governed community.

2. Performance Measure: Number of cash counts, special district audits, trust fund reviews, and grant compliance audits performed for County departments.

00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
36	32	26	33	17	30	30	32

What: The Internal Audit Division studies a sampling of various offices, districts, funds, and programs each year. Selection is made based on legal mandates, and measures of risk such as dollar value, complexity, and/or the existence of other checks and balances.

Why: These audits and reviews help to prevent or minimize losses from fraud and from non-compliance with program funding requirements. Since department managers in most cases do not know if their operation will be selected for detailed audit in any particular year, this serves as a deterrent for lax internal controls.

How are we doing? In general, we have found departments accountable and in compliance with County and grant claiming procedures. We intend to meet our adopted performance targets by the end of the fiscal year.

3. Performance Measure: Number of concessionaire, bed tax, or service provider audits completed.

00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
21	15	23	24	9	14	15	18

What: Selected concessionaires, hotels, and major contracted service providers are audited on a rotating basis so that they can expect to be studied once every three or four years. Hotels and most concessions pay the County based on percentages of gross receipts, and many contractors are paid based on counts of eligible services provided.

Why: These audits help to insure that the County is receiving all the revenue that it is entitled to, and that payments made are for services actually received. In addition, we try to maintain a level playing field so that local businesses pay no more or less than their fair share under the law, and are properly compensated when contracting with the County.

How are we doing? We have filled two audit positions during 05-06 that were vacant at the beginning of the year. The combination of vacancies and staff assigned to Phase I and Phase II implementation teams resulted in a fewer number of audits performed for the first half of the year. Staff is currently adequate at this time and we anticipate making our projected goal for this measure.

Department Goal: Maintain the financial health of the County by developing effective annual budgets, accurately identifying expenditures, and ensuring recovery of revenues from state and federal sources.

Communitywide Result Link: A well-governed community.

4. Performance Measure: A favorable audit, by the State Controller's Office, of reimbursable costs allocated through the Countywide Cost Allocation Plan, prepared in accordance with federal regulations.

00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
Audit with no exceptions	Audit with no exceptions	Audit with no exceptions	Audit with no exceptions	Audit with no exceptions	Audit with no exceptions	Audit with no exceptions	Audit with no exceptions

What: State and Federal agencies allow for County's overhead cost reimbursement through numerous programs and grants. The Countywide Cost Allocation Plan is a tool used to distribute overhead costs to programs and departments within the County.

Why: The County is reimbursed for overhead costs.

How are we doing? The State Controller's Office performed an on-site audit of the 05-06 County Cost Allocation Plan resulting in no adjustments and no findings.

Department Goal: Provide timely and accurate financial information for the public, Board of Supervisors, and County departments.

Communitywide Result Link: A well-governed community.

5. Performance Measure: Earn a clean auditor's opinion on the Comprehensive Annual Financial Report (CAFR).

00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
1	1	1	1	1	1	1	1

What: The clean opinion measures the reliability, integrity and accuracy of the information presented in the County financial statements.

Why: Provides assurance to the public, investors and others that the County's financial position is presented fairly and accurately.

How are we doing? The external auditors have completed their annual audit and have issued an unqualified or clean opinion on the last fiscal year's financial statements.

Department Goal: Insure that all automated accounting systems designed to provide easy access to relevant data are maintained with adequate internal controls and audit trails.

Communitywide Result Link: A well-governed community.

6. Performance Measure: Percentage of users that receive annual workshop training sessions on automated financial management, human resource/payroll and budget preparation systems.

00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
75%	75%	85%	85%	100%	100%	100%	100%

What: This measures our desire to be certain users know what systems and information are available and how to use them.

Why: Users will know what information is available and how to retrieve it given adequate training.

How are we doing? This year we have already exceeded our goal by providing on-line training and workshops to all employees in conjunction with the new EFS payroll/human resources system. Workshops were also provided throughout the year for the financial components of EFS, in addition to specialized department training. Workshops were also conducted for the budget preparation system and offered to all department budget, financial, and management staff.

Department Goal: Provide high quality, cost effective Auditor-Controller services.

Communitywide Result Link: A well-governed community.

7. Performance Measure: Auditor Controller staff per 100 County employees.

00-01 Actual Results	01-02 Actual Results	02-03 Actual Results	03-04 Actual	04-05 Actual	05-06 Adopted	05-06 Projected Results	06-07 Target
New Measure	New Measure	1.5	1.4	1.5	1.5	1.5	1.5

What: This shows Auditor Controller staffing levels per 100 county employees.

Why: This data can be compared with Auditor-Controller offices of similar characteristics to provide one measure of whether we are appropriately staffed.

How are we doing? Staffing levels per 100 employees for our comparable counties (6 counties surveyed) ranged from a low 0.5 in Kern County to a high of 1.8 in Napa County, with the average at 1.2. The Auditor's Office maintains levels slightly above the average, but well within the range of our comparable counties.